



Comprehensive Annual Financial Report



Year Ended June 30, 2014

CITY OF TAYLORSVILLE

Taylorsville, Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:

John H. Taylor

City Administrator / City Treasurer

Scott P. Harrington

Chief Financial Officer / Assistant City Administrator

CITY OF TAYLORSVILLE
 TABLE OF CONTENTS
 For The Year Ended June 30, 2014

Introductory Section:	<u>Page</u>
Transmittal Letter	i
List of Elected and Appointed Officials	vi
Organizational Chart.....	vii
 Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – General Fund	18
Statement of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – Economic Development Special Revenue Fund	19
Statement of Net Position – Proprietary Fund	20

Statement of Revenues, Expenses and Changes in Fund Net Position	
Proprietary Fund	21
Statement of Cash Flows – Proprietary Fund	22
Notes to Financial Statements	23

Supplemental Information:

Combining and Individual Fund Statements:

Combining Balance Sheet – Non-major Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	42
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks Impact Special Revenue Fund	43
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund - Infrastructure.....	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund – Building.....	45
Combining Statement of Net Position – Component Units	46
Combining Statement of Revenues and Expenses and Change in Net Position – Component Units	47

Statistical Section:

Net Position by Component	48
Changes in Net Position	49-50
Fund Balances of Governmental Funds	51
Changes in Fund Balances of Governmental Funds.....	52
Assessed and Estimated Actual Value Taxable Property	53
Property Tax Rates – All Direct Overlapping Governments	54

	<u>Page</u>
Principal Property Taxpayers	55
Property Tax Levies and Collections	56
Ratios of Outstanding Debt by Type.....	57
Computation of Direct and Overlapping Bonded Debt –	
General Obligation Bonds	58
Legal Debt Margin Information	59
Demographic Statistics and Economic Statistics.....	60
General Governmental Tax Revenue by Source	61
Principal Employers	62
Miscellaneous Statistics	63
Compliance Section:	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	64
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133	66
Schedule of Expenditures of Federal Awards	69
Notes to Schedule of Expenditures of Federal Awards.....	70
Schedule of Findings and Questioned Costs	72
Summary Schedule of Audit Findings	73
Summary Schedule of Prior Audit Findings.....	74
Corrective Action Plan.....	75
Independent Auditors’ Report on Compliance With General State Compliance Requirements, Compliance for Each Major State Program, Internal Control Over Compliance, and on the Schedule of Expenditures of State Awards in Accordance With the State Compliance Audit Guide.....	76
Schedule of Expenditures of State Awards	79

13 November 2014

Honorable Lawrence Johnson, Mayor
Kristie Overson, Taylorsville City Council Chair
Ernest Burgess, Taylorsville City Council Vice-Chair
Dama Barbour, Taylorsville City Councilmember
Brad Christopherson, Taylorsville City Councilmember
Daniel Armstrong, Taylorsville City Councilmember

Dear Elected Officials, Citizens and Interested Parties,

With this letter, we hereby present and transmit *The Comprehensive Annual Financial Report (CAFR)* of The City of Taylorsville for the fiscal year ended June 30, 2014. The CAFR fulfills the requirements in Utah State law 10-6-150(1) to “present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities.”

This report provides the reader with a comprehensive financial analysis covering all funds and financial transactions for the fiscal year, which began on July 1, 2013 and ended June 30, 2014.

The City’s Administrative staff has prepared this CAFR with assistance from accounting, auditing and financial professionals under contract with the City. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. To the best of our knowledge and belief, the information in this document is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City.

Organization of the CAFR

The documents assembled in this report provide all the disclosures necessary to enable the reader to gain an understanding of the City’s financial activities for the fiscal period ending June 30, 2014. The Notes to the Financial Statements are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report and in the annual audit of the City.

There are four sections of this report, the Introduction, the Financial Section, the Statistical Section and the Compliance Section.

1. **The Introductory Section** is a narrative abstract of the financial statements.
2. **The Financial Section** includes:
 - 2.1 The Independent Auditors’ Report;
 - 2.2 Management’s Discussion and Analysis, and the;
 - 2.3 Basic Financial Statements (BFS).

- 2.4 Notes to the financial statements, and
- 2.5 Supplemental statements and schedules.

The BFS provide an overview for readers who do not require detailed information about the City's finances. More detailed information pertaining to the individual funds is presented in the supplemental statements and schedules. The Independent Auditors' Report is written and submitted by the accounting firm of Hansen, Bradshaw, Malmrose and Erickson, P.C., after a review and testing of the City's accounting and financial management practices. The Auditor's Report measures these practices with Generally Accepted Accounting Practices (GAAP) and those issued by the Government Accounting Standards Board (GASB). The audit report is used to provide reasonable assurance that the financial statements of the City of Taylorsville are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; evaluating the significant estimates made by management; assessing the accounting principles used; and evaluating the overall financial statement presented by the City in this Comprehensive Annual Financial Report.

- 3 **The Statistical Section** includes information that is unaudited and provides both financial and general information about the City that is important to private and public decision makers. The additional information has been designed to cover more than two fiscal years, and reflects both social and economic data and provides information relating to financial trends and the fiscal capacity of the City.
- 4 **The Compliance Section** includes reports that are required to comply with the Government Auditing Standards and Utah State financial accounting and reporting statutes and administrative rules.

The City's financial reports include all of the funds of the municipal government. The City provides a full spectrum of municipal services through a combination of contracts with private firms, and other governmental agencies and through the direct employment of City employees. These services include law enforcement by interlocal agreement with the Unified Police Department of Salt lake; municipal court services; roadway, storm drain, street lighting and other infrastructure construction and maintenance through contracts with private contractors and Salt Lake County Public Works; engineering services through contracts with several private engineering firms, the primary firm being Forsgren and Associates; building inspection, planning and zoning services; park construction and maintenance; economic development and community cultural events As of January 01, 2014 fire protection and emergency medical services are Unified Fire Authority's responsibility, due to the referendum vote in November 2013. Taylorsville has reduced it tax rate by 50% as a result of the vote.

GENERAL INFORMATION

The City of Taylorsville is located in the very center of Salt Lake County and was incorporated July 1, 1996. Since the settlement of the area in 1860 through the 1940s, the small farming community maintained a population of approximately 180 to 200 individuals. The population increased from about 4,000 individuals with 600 housing units, to 49,600 with about 16,000 housing units between the years 1960 to 1987. The U.S.

Census Bureau estimates the Taylorsville population at 60,519 as of July 1, 2014 with an approximate annual growth rate of .21%. The census bureau has based this estimate on the 2010 census.

The median age of Taylorsville residents is 31.4 years with 30.5 percent of the population under 18 years of age. The median household income is \$57,500. Taylorsville is the tenth largest city in Utah by population and has the highest population density of all Utah incorporated municipalities with 5,406 persons per square mile. The U.S Census Bureau lists per capita income over the last twelve months as \$22,372.

ECONOMIC CONDITION AND OUTLOOK

The City of Taylorsville, the State of Utah and our nation continue to weather a challenging economic environment. In the depth of the 2007 recession, municipal tax revenue (primarily sales tax) decreased by \$1,966,240 from the previous high mark in 2007-2008. Throughout the economic downturn, citizens and city employees sacrificed by reducing city expenditures, resulting in decreased services in road and infrastructure maintenance, snow plowing. City employees did not receive pay-for-performance compensation during that five year period while at the same time they paid for a larger percentage of their health care benefits, and took on additional tasks due to reductions in employment allocations. Despite the economic slowdown in retail sales, the City has continued to enjoy business construction and new business development opportunities including:

- The opening of several national franchise businesses Dunkin Donuts and Freebirds are examples of businesses expanding to Taylorsville.
- The redevelopment and opening of several new restaurants and retail stores along the Redwood Road and 5400 South corridors.
- Commercial office development has started to increase this past year with a high-end office complex starting construction at 2700 W and 4200 S.

The City received 23.4 % of its general fund revenue from sales taxes, and 21 % from real property, personal property and motor vehicle taxes.

MAJOR INITIATIVES

Of significant importance is the need for the City to invest in the maintenance of streets, storm drains, parks and government buildings where maintenance has been deferred in order to reduce expenditures in the depths of the recession. The City Council has begun to restore funding dedicated to these initiatives, as well as approve funding directed toward economic development activities.

Looking forward, the Mayor and the City Council have set challenging goals for our future. Strategic planning processes have reset the vision for the City of Taylorsville for the next ten years. We believe that these goals and objectives will be achieved with aggressive economic development activities with our business partners, continued government efficiencies, and strict adherence to fiscal discipline. The City is well positioned to meet our economic growth goals with its ideal location in the Salt Lake valley, educated population, and business and government partnerships.

Major initiatives and projects include significant road and storm drain projects throughout the City totaling more than \$11M that will span the 2009-2014 fiscal years. The City has completed the planning and design of the Redwood Road Business District Phase II and III, and has entered into agreements with the State, Utah Transit Authority, Salt Lake County and Murray City to create a mass transit corridor running primarily along 4700 South from the Murray Trax line to the Salt Lake Community College. The route will provide transit opportunities to many of the City's major employers including those who work in the Sorenson Research Park, Neilson Labs and Convergys and as well as many others.

FINANCIAL INFORMATION

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds, rather than as a single accounting entity. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Intergovernmental Fund, Capital Projects Fund, Storm Water Fund, and the City Cemetery Fund. Each fund is treated as a distinct, balanced accounting entity.

The City's administration has the responsibility for establishing and maintaining an internal control structure that will safeguard the assets of the government from loss, theft, or misuse. At the same time, management has the responsibility to ensure that adequate accounting data are maintained and compiled to support the preparation of financial statements in conformity with Generally Accepted Accounting Principles.

The internal control structure is designed to provide reasonable, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the activity. The valuation of costs and benefits requires estimates and judgments by management and is reviewed as part of the annual audit to assure that the existing internal controls are in compliance with GAAP.

BUDGETING CONTROLS

Comprehensive budgets are essential in governmental accounting and in maintaining financial control. The City's budget for all funds is adopted by the City Council each year. Utah State Law requires a balanced budget for each individual fund, and requires department expenditures to conform to departmental appropriation. Finally, the law recognizes declared emergencies (natural disasters) as the only circumstance where individual fund appropriations may be overspent.

GENERAL FUND -- General Fund revenues totaled \$24,074,083 in the fiscal year ending June 30, 2014. Property taxes, motor vehicle taxes, and general sales taxes constitute the major sources of revenue. All tax categories in aggregate generated 57% of general fund revenue.

The unassigned General Fund balance for the year was \$4,425,799, which is equivalent to 72 calendar days of operation expenditures should the City need to use these funds in an emergency. The fund balance represents about 18% of General Fund revenue.

DEBT ADMINISTRATION – In this accounting period the City managed total debt in the amount of \$12,854,742 in the form of sales tax revenue bonds for storm drain and road

infrastructure improvements and Municipal Equipment Capital Leases and \$15,532 for public works equipment. Short-term-debt, is debt that is due in less than one year, payable during the 2013-2014 fiscal year totaled \$471,532.

CASH MANAGEMENT – All available cash in excess of determined operational needs is invested in compliance with the City’s adopted money management and financial policies. Interest income is allocated to all funds based on the percentage of cash attributed to each fund in the investment pool. Interest earnings for total government funds for the fiscal year 2013-14 was \$97,508.

RISK MANAGEMENT -- The City participated in the Utah Local Government Trust for general liability coverage in the 2013-14 Fiscal Year. The City purchases health benefits and worker’s compensation coverage from commercial insurance companies.

INDEPENDENT AUDIT – The Utah State Municipal Code requires an annual audit by independent public accountants. The City’s consultant selection committee has recommended, and the City Council has selected, Hansen, Bradshaw, Malmrose & Erickson, P.C. to perform the audit required by state law and to meet the requirements of the Federal Single Audit Act. The independent auditors’ report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

ACKNOWLEDGEMENTS – We respectfully acknowledge this financial report is a numerical representation of the dedication of all our city employees and contractors. The cost of providing quality government services is not represented in a set of financial schedules and audited numbers; however, on a comparative basis with other like organizations the City of Taylorsville provides excellent services with a limited staff in large part because of the dedication of our employees. The entire city staff and our contractors contributed to the preparation of this Comprehensive Annual Financial Report through their good works. We express our sincere appreciation for their contributions to the citizens of our great city and to this report.

Respectfully,



John H. Taylor, P.E.
City Administrator/City Treasurer



Scott P. Harrington
C.F.O./Assistant City Administrator

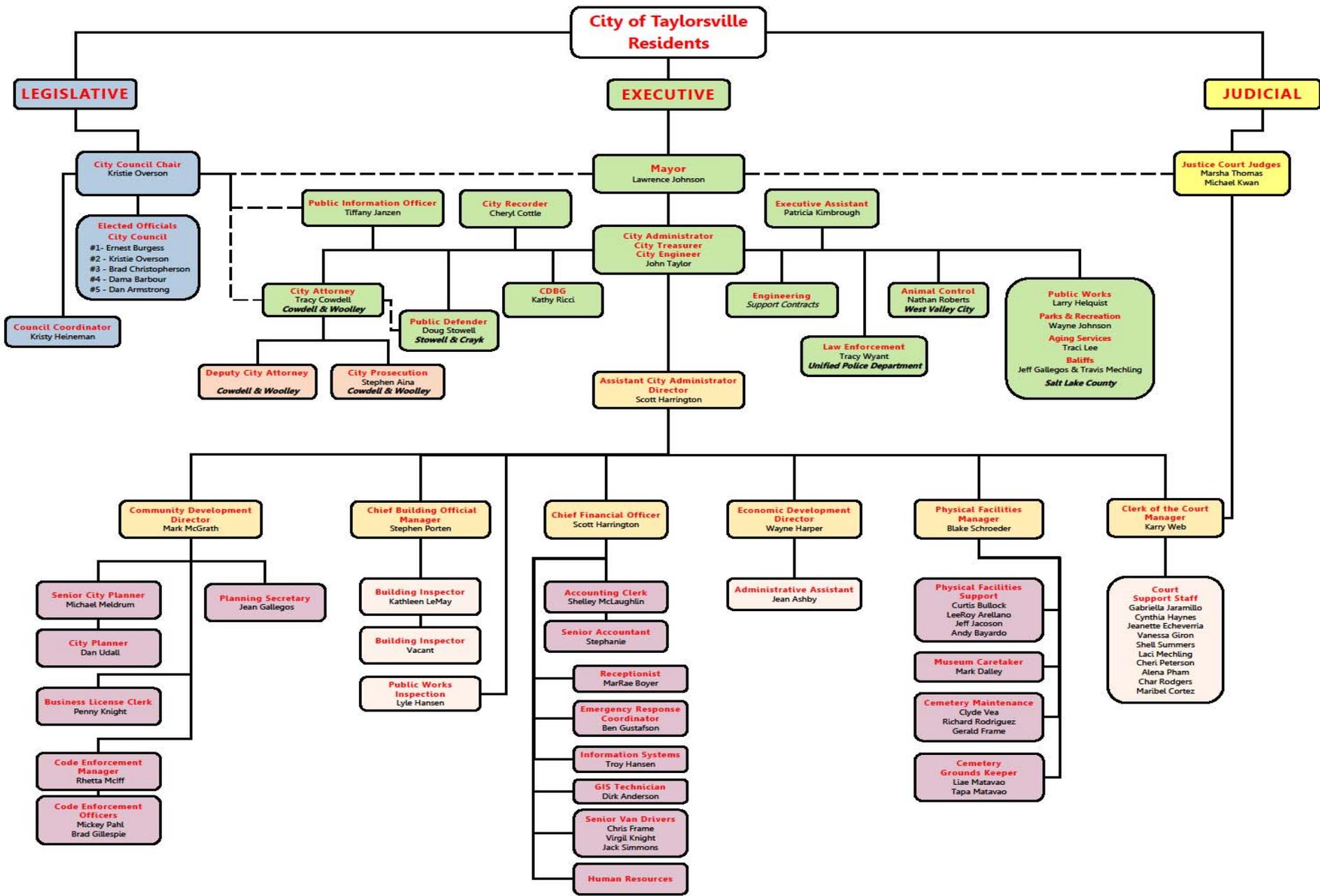
Elected Officials

Mayor	Lawrence Johnson
Council Chairman	Kristie S. Overson
Council Vice Chairman	Ernest Burgess
Council Member	Dama Barbour
Council Member	Brad Christopherson
Council Member	Daniel Armstrong

Appointed Officials

City Administrator / Treasurer	John Taylor
C.F.O./ Assistant City Administrator	Scott Harrington
Community Development Director	Mark McGrath
Justice Court Judge	Michael W. Kwan
Justice Court Judge	Marsha Thomas
Recorder	Cheryl Peacock-Cottle

¹ Justice Court Judges were appointed by the Mayor, with the advice and consent of the City Council for the 2009-2010 fiscal year. In November 2010 the Judges stood for a retention election for the first time.



Financial Section

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South

Bountiful, Utah 84010

801-296-0200

Fax 801-296-1218

INDEPENDENT AUDITORS' REPORT

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

Members of the
American Institute
of Certified Public
Accountants

Members of the
Private Company
Practice Section

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Utah ("the City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Utah, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue economic development fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, combining component unit financial statements, and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, combining component unit financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 13, 2014

Management's Discussion and Analysis for fiscal year 2013-14

The following discussion and analysis of the City of Taylorsville's financial performance provides a narrative overview and analysis of its financial activities for the year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information we have provided in our letter of transmittal, which can be found on pages i-v of this report.

This annual report consists of a series of financial statements:

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and presents the reader with a broad overview of the financial condition of the City for the fiscal period.

Financial Highlights

- Primary government total assets exceeded total liabilities at the close of 2014 by \$175,442,906 (net position). Of this amount, \$154,280,201 was invested in capital assets and \$4,178,364 was restricted for debt service, future construction and other purposes. The City's governmental activities have an unrestricted net position of \$12,843,228. The City's business-type activities have an unrestricted net position of \$4,140,303.
- The City's total net position increased by \$9,623,232 in 2014. The net position of the governmental activities increased by \$9,283,838 in 2014 compared to a net decrease of \$308,018 in 2013. The City's net position of business-type activities increased by \$339,394 in 2014 compared to a net increase of \$219,729 in 2013.
- As of the close of 2014, the City's governmental funds reported combined ending fund balances of \$17,266,806. The restricted and assigned portion of the fund balance is \$13,013,153.
- At the end of 2014, the unassigned fund balance for the General Fund was \$4,253,653 or 18% of total General Fund revenue.
- The City's total bonded indebtedness increased by \$4,272,000 during the current year. The increase is a result of economic development projects.
- The City's governmental component units reported a net position of \$230,787 as of June 30, 2014, which was an increase of \$15,507 from 2013.
- The City's business-type activities reported net position of \$9,221,066 as of the end of June 30, 2013, which was a \$339,394 increase from 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or other charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community services and debt service. The business-type activities of the City include cemetery, storm water management and economic development.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate entities for which the City is financially accountable:

- Redevelopment Agency of City of Taylorsville
- Taylorsville Arts Council
- Taylorsville Dayzz

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2014

The government-wide financial statements are summarized with the following charts and graphs.

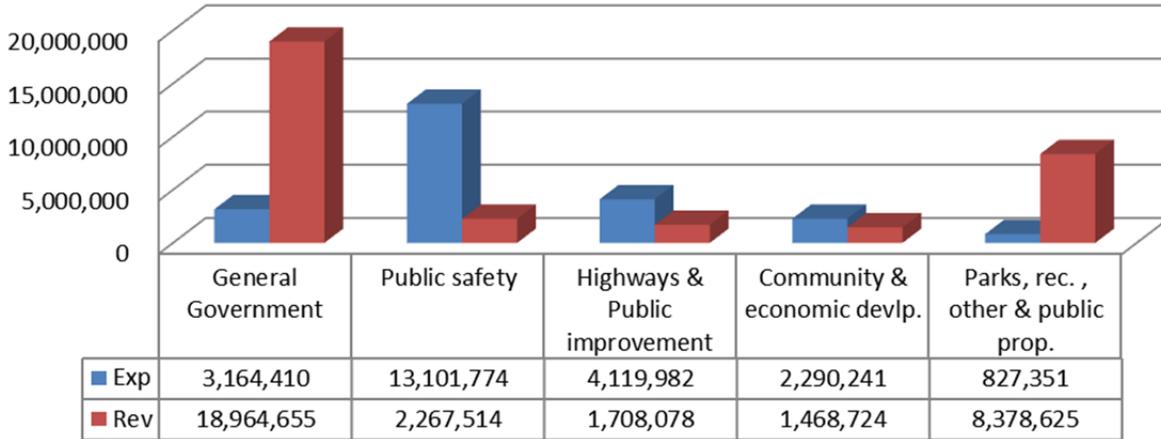
	Governmental Activities June 30, 2014	Governmental Activities June 30, 2013	Business Type Activities June 30, 2014	Business Type Activities June 30, 2013	Totals June 30, 2014	Totals June 30, 2013
Current and other assets	\$ 19,783,804	\$ 16,163,904	\$ 4,581,174	\$ 4,641,482	\$ 24,364,978	\$ 20,805,386
Capital assets	162,373,743	155,862,845	8,173,033	8,088,325	170,546,776	163,951,170
Total Assets	182,157,547	172,026,749	12,754,207	12,729,807	194,911,754	184,756,556
Long-term debt outstanding	9,717,322	5,754,795	3,446,896	3,640,565	13,164,218	9,395,360
Other liabilities	6,219,195	9,334,762	86,245	207,570	6,305,440	9,542,332
Total Liabilities	15,936,517	15,089,557	3,533,141	3,848,135	19,469,658	18,937,692
Net assets:						
Invested in capital assets, net of debt	149,199,438	150,816,226	5,080,763	4,908,145	154,280,201	155,724,371
Restricted	4,178,364	1,927,489	-	-	4,178,364	1,927,489
Unrestricted	12,843,228	4,193,477	4,140,303	3,973,527	16,983,531	8,167,004
Total Net Position	\$ 166,221,030	\$ 156,937,192	\$ 9,221,066	\$ 8,881,672	\$ 175,442,096	\$ 165,818,864

CITY OF TAYLORSVILLE'S CHANGES IN NET POSITION

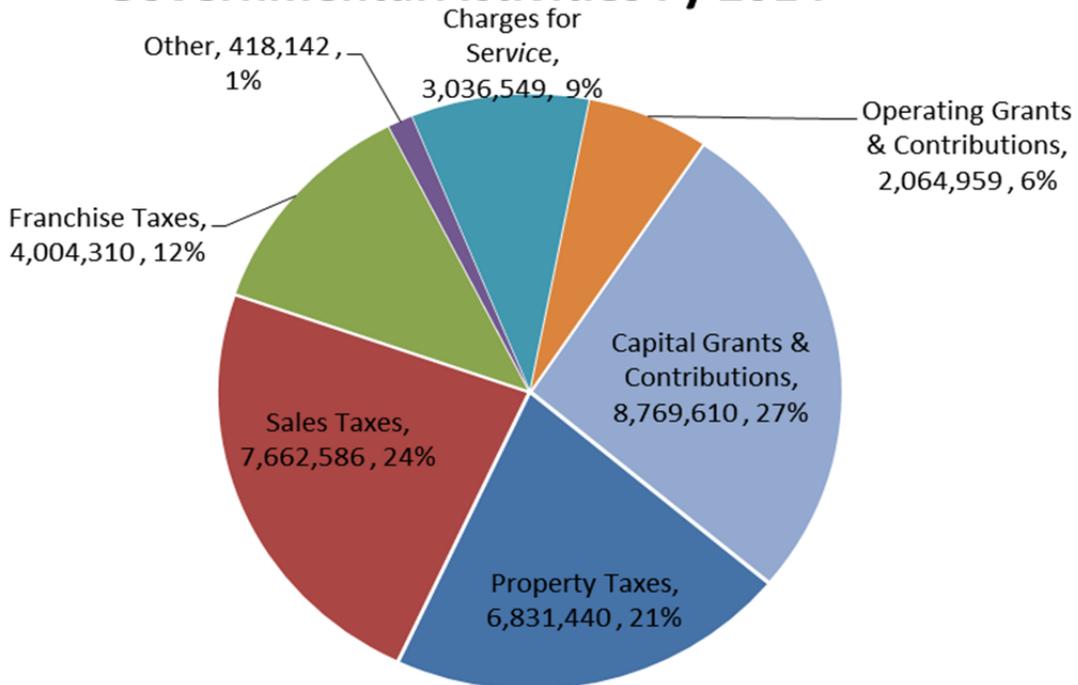
	Governmental Activities June 30, 2014	Governmental Activities June 30, 2013	Business Activities June 30, 2014	Business Activities June 30, 2013	Total June 30, 2014	Total June 30, 2013
Revenues						
Program revenues:						
Charges for services	\$ 3,036,549	\$ 2,949,476	\$ 1,171,158	\$ 1,155,151	\$ 4,207,707	\$ 4,104,627
Operating grants and contributions	2,064,959	2,171,233	-	-	2,064,959	2,171,233
Capital grants and contributions	8,769,610	1,864,302	-	-	8,769,610	1,864,302
General revenues:						
Property taxes	6,831,440	5,583,762	-	-	6,831,440	5,583,762
Other taxes	11,666,896	11,401,974	-	-	11,666,896	11,401,974
Other revenues	418,142	124,767	1,963	2,373	420,105	127,140
Total revenue	32,787,596	24,095,514	1,173,121	1,157,524	33,960,717	25,253,038
Program expenses:						
General government	3,164,410	3,044,163	833,727	937,795	3,998,137	3,981,958
Public safety	13,101,774	14,714,239	-	-	13,101,774	14,714,239
Highway and public improvements	4,119,982	3,983,582	-	-	4,119,982	3,983,582
Community and economic development	2,290,241	1,964,965	-	-	2,290,241	1,964,965
Parks and public property	470,425	442,595	-	-	470,425	442,595
Interest on long term debt	356,926	253,988	-	-	356,926	253,988
Total expenses	23,503,758	24,403,532	833,727	937,795	24,337,485	25,341,327
Increase (decrease) in net position	9,283,838	(308,018)	339,394	219,729	9,623,232	(88,289)
Net Position Beginning of Year	156,937,192	157,245,210	8,881,672	8,661,943	165,818,864	165,907,153
Net Position End of year	\$ 166,221,030	\$ 156,937,192	\$ 9,221,066	\$ 8,881,672	\$ 175,442,096	\$ 165,818,864

CITY OF TAYLORSVILLE
 Management's Discussion and Analysis
 For the year ended June 30, 2014

Expenses and Program Revenue FY 2014



Revenues by Source Governmental Activities FY 2014



Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects- Infrastructure, Capital Projects- Building, Park-Impact and the Economic Development Fund. The basic governmental fund financial statements can be found on pages 14 -17 of this report.

Enterprise Funds

The proprietary fund financial statements provide separate information for the Storm Water Management Fund.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-39 of this report.

Other information in addition to the basic financial statements and accompanying notes presents certain required supplementary information concerning the City's budgets and operational and long term planning for capital projects. The City adopts

an annual appropriation budget for its General Fund and all special revenue and capital project funds. Budgetary comparison schedules have been provided for these to demonstrate compliance with the annual budget requirements and the City's accounting processes.

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 40-47 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$166.2 million at the close of 2014.

The largest portion of the City's net position (87.9%) reflects its net investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure). The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, because capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2.5%) represents resources that are subject to restrictions as to how they may be used. Of the total \$4.1 million restricted net position, \$172,146 is restricted for road maintenance project (Class C roads), \$405,853 is restricted for park construction projects, and \$3,600,365 is restricted for other future construction projects. The unrestricted balance is \$12.843 million.

At the end of the current fiscal year, the City was able to report positive balances in unrestricted net position for the government as a whole and for its separate governmental activities as was the case in the prior year. The business-type activities reported positive balances in unrestricted net position at the end of the current year, as was the case in the prior year.

Capital Assets and Debt Administration

The City's infrastructure is currently in good condition. The increase in infrastructure expenditures over the past two years has had a positive impact on the integrity of our infrastructure assets; however, deferred maintenance to our infrastructure and delayed capital improvement projects in previous years (2008-2012) due to the economic slow-down will require increased spending and maintenance in the future to avoid an accelerated degradation of assets. The following charts show our investment in capital assets and the outstanding debt used to finance these projects.

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2014

	Governmental Activities		Business type Activities	
	2014	2013	2014	2013
Land and water rights	\$ 126,587,578	\$ 126,424,161	\$ -	\$ -
Construction in progress	8,791,730	5,092,265	354,626	460,385
Building and improvements	8,125,310	8,188,950	-	-
Office furniture and equipment	145,874	195,788	29,775	70,855
Vehicles and equipment	64,113	88,011	-	-
Infrastructure	14,459,138	15,873,670	8,143,258	8,017,470
	<u>\$ 158,173,743</u>	<u>\$ 155,862,845</u>	<u>\$ 8,527,659</u>	<u>\$ 8,548,710</u>

At June 30, 2014, the City had \$12,932,995 of long-term bonds outstanding, secured by specified revenue sources, (i.e. sales tax revenue bonds/ property tax revenue bonds). All of the City's capital leases were paid off during 2014. See chart below.

	Governmental Activities		Business type Activities	
	2014	2013	2014	2013
Revenue bonds payable	\$ 9,486,099	\$ 5,482,450	\$ 3,446,896	\$ 3,640,565
Leases payable	-	15,532	-	-
Compensated absences	231,223	256,813	-	-
	<u>\$ 9,717,322</u>	<u>\$ 5,754,795</u>	<u>\$ 3,446,896</u>	<u>\$ 3,640,565</u>

The City's total bonded debt increased by \$4,272,000 during fiscal year 2014. The key factors in this increase were the issuances of sales and use tax bonds for economic development projects. The City maintains bond ratings as follows: "AA" rating from Standard & Poor's on its storm water management and infrastructure bonds series 2007, and an "AA" rating from Standard & Poor's on its sales and use tax bonds.

The City has not issued general obligation bonds and therefore has no general obligation debt as of June 30, 2014. Sales and use tax bonds are special debts of the City and are not considered general obligation bonds by the state.

Additional information regarding the City's long-term debt can be found in Note 6 on page 35 of this report.

Economic Factors and the Next Year's Budget and Rates

- The unemployment rate for the City and for Utah was at 3.30% at the end of June 2014, which was lower than the 5% rate for 2013. The national was 6.3% as of the end of June 2014.
- The City expects a .5% increase in its tax revenue for the coming year. These factors were considered when the City prepared its 2014-2015 fiscal year budget.
- The City Council has identified economic development as one of the top priorities in the City for the next fiscal year budget. To that end, four redevelopment agency areas have been identified and plans to invest in infrastructure have been developed.
- By a referendum vote in the 2013 General Election, the City's residents voted to become part of the Unified Fire Service District (the Fire District) a separate taxing entity. As a result of this vote the City Council reduced the City's ad valorem tax rate by 50% to help offset a portion of the overall tax impact to property owners.
- One of the major goals of the Taylorsville City Council is to maintain financial stability in the General Fund by adopting a budget with a minimum fund balance of 16-18% of anticipated revenue.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to provide accountability for the money the City received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Scott Harrington, Chief Financial Officer, 801-963-5400, 2600 West Taylorsville Boulevard, Taylorsville, Utah 84129.

CITY OF TAYLORSVILLE
Statement of Net Position
June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,465,431	\$ 4,076,464	\$ 15,541,895	\$ 246,108
Receivables, net of allowance				
Taxes	5,104,966	-	5,104,966	-
Intergovernmental	697,197	-	697,197	-
Accounts	1,633,732	150,084	1,783,816	7,160
Land held for sale	4,200,000	-	4,200,000	-
Restricted assets:				
Cash and cash equivalents	882,478	-	882,478	-
Capital assets not being depreciated:				
Land and water rights	126,587,578	-	126,587,578	-
Construction in progress	8,791,730	354,626	9,146,356	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	8,125,310	-	8,125,310	-
Office furniture and equipment	145,874	29,775	175,649	1,842
Vehicles and equipment	64,113	-	64,113	-
Infrastructure	14,459,138	8,143,258	22,602,396	-
Total assets	<u>182,157,547</u>	<u>12,754,207</u>	<u>194,911,754</u>	<u>255,110</u>
<u>LIABILITIES</u>				
Accounts payable	2,206,805	62,116	2,268,921	24,323
Accrued liabilities	437,122	-	437,122	-
Accrued interest payable	116,449	24,129	140,578	-
Noncurrent Liabilities:				
Due within one year	503,581	200,100	703,681	-
Due in more than one year	9,213,741	3,246,796	12,460,537	-
Total liabilities	<u>12,477,698</u>	<u>3,533,141</u>	<u>16,010,839</u>	<u>24,323</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenue	3,458,819	-	3,458,819	-
<u>NET POSITION</u>				
Net investment in capital assets	149,199,438	5,080,763	154,280,201	1,842
Restricted for:				
Future construction	3,600,365	-	3,600,365	-
Class C roads	172,146	-	172,146	-
Parks	405,853	-	405,853	-
Unrestricted	12,843,228	4,140,303	16,983,531	228,945
Total net position	<u>\$ 166,221,030</u>	<u>\$ 9,221,066</u>	<u>\$ 175,442,096</u>	<u>\$ 230,787</u>

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Activities
For the Year Ended June 30, 2014

	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Functions / Programs								
Primary Government:								
Governmental activities								
General government	\$ 3,164,410	\$ 34,600	\$ 13,577	\$ -	\$ (3,116,233)		\$ (3,116,233)	
Public safety	13,101,774	2,118,885	145,493	3,136	(10,834,260)		(10,834,260)	
Highways and public improvements	4,119,982	-	1,708,078	-	(2,411,904)		(2,411,904)	
Community and economic development	2,290,241	839,372	197,811	431,541	(821,517)		(821,517)	
Parks, recreation and public property	470,425	43,692	-	8,334,933	7,908,200		7,908,200	
Interest and fiscal charges on long-term debt	356,926	-	-	-	(356,926)		(356,926)	
Total governmental activities	23,503,758	3,036,549	2,064,959	8,769,610	(9,632,640)		(9,632,640)	
Business-type activities								
Storm drain	833,727	1,171,158	-	-		\$ 337,431	337,431	
Total Primary Government	\$ 24,337,485	\$ 4,207,707	\$ 2,064,959	\$ 8,769,610	(9,632,640)	337,431	(9,295,209)	
Component Unit:								
Taylorsville Dayzz, Inc.	\$ 109,995	\$ 40,587	\$ 94,938	\$ -				\$ 25,530
Taylorsville Art Council	47,112	27,703	9,170	-				(10,239)
Total component units	\$ 157,107	\$ 68,290	\$ 104,108	\$ -				15,291
General Revenues:								
Taxes								
Property taxes					6,831,440	-	6,831,440	-
Sales taxes					7,662,586	-	7,662,586	-
Franchise taxes					4,004,310	-	4,004,310	-
Investment earnings					95,545	1,963	97,508	216
Other					322,597	-	322,597	-
Total general revenues					18,916,478	1,963	18,918,441	216
Change in net position					9,283,838	339,394	9,623,232	15,507
Net position - beginning					156,937,192	8,881,672	165,818,864	215,280
Net position - ending					\$ 166,221,030	\$ 9,221,066	\$ 175,442,096	\$ 230,787

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Balance Sheet – Governmental Funds
June 30, 2014

	Governmental Fund Types				
	Capital		Special	Other	Total
	Projects	Revenue	Economic		
	General	Infrastructure	Development	Governmental Funds	Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,340,405	\$ 5,856,120	\$ 717,171	\$ 551,735	\$ 11,465,431
Receivables:					
Taxes	4,962,217	-	142,749	-	5,104,966
Intergovernmental	697,197	-	-	-	697,197
Other	19,480	1,614,252	-	-	1,633,732
Land held for sale	-	-	4,200,000	-	4,200,000
Restricted assets:					
Cash and cash equivalents	306,783	63,901	511,794	-	882,478
Total assets	\$ 10,326,082	\$ 7,534,273	\$ 5,571,714	\$ 551,735	\$ 23,983,804
<u>LIABILITIES</u>					
Accounts payable	\$ 2,147,091	\$ 35,819	\$ 20,359	\$ 3,536	\$ 2,206,805
Accrued liabilities	437,122	-	-	-	437,122
Total liabilities	2,584,213	35,819	20,359	3,536	2,643,927
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred property tax revenue	3,316,070	-	142,749	-	3,458,819
Unavailable revenue from note receivable	-	614,252	-	-	614,252
Total deferred inflows of resources	3,316,070	614,252	142,749	-	4,073,071
<u>FUND BALANCES</u>					
Restricted for:					
Future construction	-	3,600,365	-	-	3,600,365
Class C roads	172,146	-	-	-	172,146
Parks	-	-	-	405,853	405,853
Assigned to:					
Infrastructure fund	-	3,283,837	-	-	3,283,837
Economic development fund	-	-	5,408,606	-	5,408,606
Buildings fund	-	-	-	142,346	142,346
Unassigned	4,253,653	-	-	-	4,253,653
Total fund balances	4,425,799	6,884,202	5,408,606	548,199	17,266,806
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,326,082	\$ 7,534,273	\$ 5,571,714	\$ 551,735	\$ 23,983,804

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds (page 14)	\$ 17,266,806
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	158,173,743
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(116,449)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(9,717,322)
Deferred inflows of resources associated with the City's note receivable is removed in the statement of net position.	<u>614,252</u>
Net position - governmental activities (page 12)	<u><u>\$ 166,221,030</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Year Ended June 30, 2014

	Governmental Fund Types				Total Governmental Funds
	Capital Projects	Special Revenue	Other Governmental		
	General	Infrastructure	Economic Development	Funds	
REVENUES					
Taxes	\$ 18,388,581	\$ -	\$ 109,755	\$ -	\$ 18,498,336
Impact fees	-	-	-	138,069	138,069
Licenses and permits	643,265	-	-	-	643,265
Intergovernmental	2,815,401	8,200,000	-	-	11,015,401
Charges for services	340,916	-	-	-	340,916
Fines and forfeitures	1,733,467	-	-	-	1,733,467
Miscellaneous	74,638	76,756	176,614	337	328,345
Interest income	77,815	15,577	2,153	-	95,545
Total revenues	24,074,083	8,292,333	288,522	138,406	32,793,344
EXPENDITURES					
General government	1,873,057	39,000	-	-	1,912,057
Public safety	13,012,613	-	-	-	13,012,613
Highways and public improvements	2,710,081	-	-	-	2,710,081
Community and economic development	1,706,720	-	666,695	-	2,373,415
Parks, recreation, and public property	249,423	-	-	-	249,423
Non-departmental	648,083	-	-	-	648,083
Debt service:					
Principal	227,633	-	41,000	-	268,633
Interest	178,311	-	45,405	-	223,716
Bond issuance costs	-	-	59,058	-	59,058
Capital outlay:					
General government	29,976	-	-	-	29,976
Highways and public improvements	-	4,789,788	-	-	4,789,788
Community and economic development	415,484	-	-	-	415,484
Parks, recreation, and public property	4,400	-	-	-	4,400
Total expenditures	21,055,781	4,828,788	812,158	-	26,696,727
Excess (deficiency) of revenues over (under) expenditures	3,018,302	3,463,545	(523,636)	138,406	6,096,617
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	4,272,000	-	4,272,000
Transfers in	-	1,250,000	1,035,236	-	2,285,236
Transfers out	(2,285,236)	-	-	-	(2,285,236)
Sale of capital assets	-	30,000	-	-	30,000
Total other financing sources (uses)	(2,285,236)	1,280,000	5,307,236	-	4,302,000
Net change in fund balances	733,066	4,743,545	4,783,600	138,406	10,398,617
Fund balances, beginning of year	3,692,733	2,140,657	625,006	409,793	6,868,189
Fund balances, end of year	\$ 4,425,799	\$ 6,884,202	\$ 5,408,606	\$ 548,199	\$ 17,266,806

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of activities (page 13)
are different because:

Net change in fund balances - total governmental funds (page 16) \$ 10,398,617

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense. (2,163,957)

Governmental funds report current capital outlays as expenditures. However, these
expenditures are reported as capital assets in the statement of net position.
Governmental funds also do not report contributed capital assets as revenue. 5,484,855

Proceeds from sale of capital assets is recorded as income in the governmental funds.
However, only the gain or loss on the sale of capital assets is recorded in the
statement of activities. (390,000)

The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the payment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds report
the effect of premiums, discounts, and similar items when debt is first issued,
whereas, these amounts are deferred and amortized in the statement of activities.
This amount is the net effect of these differences in the treatment of long-term debt
and related items. (3,957,884)

Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds. (82,045)

Revenues are recognized in the governmental funds when measureable and available;
however, the statement of activities is presented on the accrual basis, so revenues are
recognized when earned. This adjustment reflects the changes due to payments
received on long-term notes receivable that have been deferred in the governmental
funds. (5,748)

Change in net position of governmental activities (page 13) \$ 9,283,838

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 18,171,492	\$ 18,333,243	\$ 18,388,581	\$ 55,338
Licenses and permits	573,500	573,500	643,265	69,765
Intergovernmental	2,591,000	3,126,645	2,815,401	(311,244)
Charges for services	432,800	467,200	340,916	(126,284)
Fines and forfeitures	1,960,000	1,960,000	1,733,467	(226,533)
Miscellaneous	32,000	67,727	74,638	6,911
Interest income	50,000	65,000	77,815	12,815
Total revenues	<u>23,810,792</u>	<u>24,593,315</u>	<u>24,074,083</u>	<u>(519,232)</u>
<u>EXPENDITURES</u>				
General government				
City council	197,548	205,528	185,761	19,767
Mayor	139,919	139,919	124,170	15,749
Administrative services	1,263,957	1,353,957	1,203,517	150,440
Governmental buildings	394,300	456,800	387,084	69,716
Public safety				
Court operations	2,363,523	2,363,523	2,168,231	195,292
Animal control	453,500	453,100	423,373	29,727
Fire and VECC	4,498,472	2,463,236	2,361,957	101,279
Police	8,071,896	8,145,749	8,059,052	86,697
Highways and public improvements	2,841,254	2,841,254	2,710,081	131,173
Community and economic development				
Planning commission	9,550	12,550	5,370	7,180
Community activities	1,000	11,000	4,666	6,334
Citizens committees	99,750	108,277	94,702	13,575
CDBG programs	393,000	860,263	624,363	235,900
Community development	1,140,169	1,158,169	1,093,585	64,584
Economic development	371,467	371,467	299,518	71,949
Parks, recreation, and public property	242,000	248,900	253,823	(4,923)
Non-departmental	651,465	748,465	650,584	97,881
Debt service:				
Principal	225,000	224,600	227,633	(3,033)
Interest	182,500	183,300	178,311	4,989
Total expenditures	<u>23,540,270</u>	<u>22,350,057</u>	<u>21,055,781</u>	<u>1,294,276</u>
Excess of revenues over expenditures	<u>270,522</u>	<u>2,243,258</u>	<u>3,018,302</u>	<u>775,044</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(100,001)	(2,285,236)	(2,285,236)	-
Sale of capital assets	20,000	20,000	-	(20,000)
Total other financing sources (uses)	<u>(80,001)</u>	<u>(2,265,236)</u>	<u>(2,285,236)</u>	<u>(20,000)</u>
Net change in fund balance	<u>\$ 190,521</u>	<u>\$ (21,978)</u>	<u>733,066</u>	<u>\$ 755,044</u>
Fund balance, beginning of year			3,692,733	
Fund balance, end of year			<u>\$ 4,425,799</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Economic Development Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ 45,000	\$ 45,000	\$ 109,755	\$ 64,755
Interest income	-	-	2,153	2,153
Miscellaneous	-	-	176,614	176,614
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>288,522</u>	<u>243,522</u>
<u>EXPENDITURES</u>				
Economic development projects	4,997,500	4,997,500	666,695	4,330,805
Debt service:				
Principal	-	-	41,000	(41,000)
Interest	200,000	200,000	45,405	154,595
Bond issuance costs	-	-	59,058	(59,058)
Total expenditures	<u>5,197,500</u>	<u>5,197,500</u>	<u>812,158</u>	<u>4,385,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,152,500)</u>	<u>(5,152,500)</u>	<u>(523,636)</u>	<u>4,628,864</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from debt	6,062,500	6,062,500	4,272,000	(1,790,500)
Transfers in	-	1,035,236	1,035,236	-
Total other financing sources	<u>6,062,500</u>	<u>7,097,736</u>	<u>5,307,236</u>	<u>(1,790,500)</u>
Net change in fund balance	<u>\$ 910,000</u>	<u>\$ 1,945,236</u>	4,783,600	<u>\$ 2,838,364</u>
Fund balance, beginning of year			<u>625,006</u>	
Fund balance, end of year			<u>\$ 5,408,606</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Net Position – Proprietary Fund
June 30, 2014

	<u>Storm Drain</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,076,464
Receivables:	
Accounts	<u>150,084</u>
Total current assets	<u>4,226,548</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	254,827
Infrastructure	10,729,352
Construction in progress	354,626
Accumulated depreciation	<u>(2,811,146)</u>
Total noncurrent assets	<u>8,527,659</u>
Total assets	<u>12,754,207</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	62,116
Accrued interest payable	24,129
Long-term debt, current portion	<u>200,100</u>
Total current liabilities	<u>286,345</u>
Noncurrent liabilities:	
Revenue bonds payable, due after one year	<u>3,246,796</u>
Total noncurrent liabilities	<u>3,246,796</u>
Total liabilities	<u>3,533,141</u>
<u>NET POSITION</u>	
Net investment in capital assets	5,080,763
Unrestricted	<u>4,140,303</u>
Total net position	<u>\$ 9,221,066</u>

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2014

	<u>Storm Drain</u>
<u>OPERATING REVENUES</u>	
Sales and charges for services	\$ 1,167,610
Total operating revenues	<u>1,167,610</u>
<u>OPERATING EXPENSES</u>	
Administration and general	115,649
Repairs and maintenance	276,763
Depreciation	<u>296,672</u>
Total operating expenses	<u>689,084</u>
Operating income	<u>478,526</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	1,963
Interest expense	(144,643)
Impact fees	<u>3,548</u>
Total nonoperating revenues (expenses)	<u>(139,132)</u>
Change in net position	339,394
Total net position, beginning	<u>8,881,672</u>
Total net position, ending	<u><u>\$ 9,221,066</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2014

	Storm Drain
Cash flows from operating activities	
Receipts from customers and users	\$ 1,159,850
Payments to suppliers	(512,464)
Net cash provided by operating activities	<u>647,386</u>
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of property, plant, and equipment	(275,621)
Impact fees	3,548
Principal paid on capital debt	(190,900)
Interest paid on capital debt	(148,685)
Net cash used by capital and related financing activities	<u>(611,658)</u>
Cash flows from investing activities	
Interest received	1,963
Net cash provided by investing activities	<u>1,963</u>
Net increase in cash and cash equivalents	37,691
Cash and cash equivalents, beginning of year	<u>4,038,773</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,076,464</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 478,526
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	296,672
Changes in assets and liabilities:	
Accounts receivable	(7,760)
Accounts payable	(120,052)
Net cash provided by operating activities	<u><u>\$ 647,386</u></u>

The accompanying notes are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Taylorsville (the City) was incorporated on July 1, 1996, under the provisions of the State of Utah. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways, culture-recreation, municipal justice court, public improvements, planning and zoning, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City and are discussed below.

The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Component units that do not meet the criteria for being blended into the City's primary government are reported discretely.

Discretely Presented Component Units

The Taylorsville Arts Council (the Arts Council) provides cultural and recreational activities for the residents of the City. The Arts Council's governing body consists of the City's Mayor and the Chairman of the City Council and the chairman of the Arts Council, who is appointed by the Mayor.

In 2012, Taylorsville Dayzz Inc. was created. This entity provides funding and operations of Taylorsville Dayzz, which is the City's birthday celebration.

Financial information for the component units may be obtained at the City's office, located at 2600 West Taylorsville Blvd., Taylorsville, Utah 84129.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. The City's general administrative services, public safety, highways and streets, planning and engineering, and parks are all classified as governmental activities. Storm water collection services are classified as business-type activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City and its component units. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments are recorded only when payment is due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund types are used by the City:

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Infrastructure – Capital Projects Fund accounts for the acquisition and construction of the City's major infrastructure projects, other than those financed by proprietary funds.
- The Economic Development – Special Revenue Fund accounts for economic development activities and the expenditure of bond monies related to economic development

The City reports the following major proprietary fund:

- The Storm Drain Fund accounts for the operation and maintenance of the storm drain system and capital projects for the storm system.

Additionally, the City reports the following fund types:

- Special revenue funds: The City accounts for park impact fees in a special revenue fund.
- Capital project funds account for the acquisition of fixed assets of the City. The City accounts for building construction in a capital project fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales, services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund and Special Revenue Funds. Annual budgets are also adopted for Capital Projects Fund which may include activities that overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated categories of fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the current year's actual revenues.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Special Revenue Funds, and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to or due from other funds”. Advances between funds as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available financial resources.

Other receivables at June 30, 2014, consisted of property tax, sales tax, franchise tax, grants, and utility billings. The utility billings for charged services are billed to customers on a monthly basis. Unbilled service accounts receivable at June 30, 2014 were estimated based on July billings and are included in the operating revenues and accounts receivable at year end. Taxes, grants, and utility charges are deemed collectible in full, so no allowance for uncollectibles is recorded.

Restricted Assets

Certain assets are classified as restricted because their use is restricted by an independent third party, enabling legislation, or other laws and statutes. These restrictions may include future debt service payments, unexpended portions of bonds issued for capital construction, and other agreements with third parties.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amounts not rounded) and a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and Improvements	5-30
Office Furniture and Equipment	3-20
Vehicles and Equipment	7-10
Infrastructure	20-50

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Compensated absences

Accumulated unpaid time off with pay is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 320 hours at the end of the fiscal year and any paid leave time in excess of this amount is forfeited. No payments will be made in lieu of taking time off, except for accrued time off with pay at the time of termination or in extenuating circumstances, which payment must be approved by the Mayor or Mayor's designee. The amount of accumulated time off with pay is accrued when incurred in the government-wide financial statements.

Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. Franchise taxes are collected by utility companies and remitted to the City periodically.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is, therefore, deferred until that time. The City currently has no deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is, therefore, deferred until that time. The City has only one type of item that qualifies for reporting in this category. Governmental funds report unavailable revenue from property taxes and special assessments as deferred inflows of resources until such time they can be recognized as revenue in the period that they become available.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

Nonspendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form that are contractually required to be maintained intact are classified as nonspendable fund balance.

Restricted Fund Balance – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts formally designated by City Council through ordinance or resolution for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use through a superseding ordinance or resolution.

Assigned Fund Balance – Amounts constrained by City Council or City Management for a specific purpose normally through the appropriations process in establishing and amending budgets. Furthermore, funds in special revenue, capital project, and permanent fund are by their nature assigned to the purpose for which the resources are collected.

Unassigned Fund Balance – Amounts that may be used for any governmental purpose.

When an expenditure qualifies to be used from more than one fund balance classification identified above, it is the City's policy to use resources in the following order: restricted, committed, assigned, and then unassigned.

The City has not adopted a formal policy on minimum fund balance. However state statute requires the City to maintain a minimum fund balance in the general fund of at least 5% of total revenues.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Inter-fund transactions

During the course of normal operations, the City has transactions between funds to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. **DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits and cash on hand. Investments are stated at cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents," which also includes cash accounts that are separately held by several of the City's funds.

As of June 30, 2014, the City's demand deposits and cash on hand amounted to \$1,849,725.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments - The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy to invest in accordance with the Utah state money management act. The City invests in the Public Treasurer's Investment Fund (PTIF), which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF

2. DEPOSITS AND INVESTMENTS (CONTINUED)

operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for the public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurers' Office.

The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, our investments are matched with anticipated cash flows. The City does not make investments with maturity dates longer than planned expenditures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2014, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City has investments in the Utah State Treasurer's Investment Fund as of June 30, 2014 of \$15,086,465.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2014, \$1,535,824 of the City's \$1,849,725 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2014:

	<u>Amount</u>
Governmental activities	
Restricted for funds held in trust for Justice Court	\$ 134,637
Restricted for unspent bond proceeds	511,794
Restricted for "C" road funds	172,146
Restricted for capital projects - infrastructure	63,901
Total restricted cash and cash equivalents	<u>\$ 882,478</u>

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/14</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land and water rights	\$ 126,424,161	\$ 163,417	\$ -	\$ 126,587,578
Construction in progress	5,092,265	4,837,108	(1,137,643)	8,791,730
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	131,516,426	5,000,525	(1,137,643)	135,379,308
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings and improvements	12,945,107	478,106	-	13,423,213
Office furniture and equipment	1,330,514	32,776	-	1,363,290
Vehicles and equipment	472,406	7,379	-	479,785
Infrastructure	55,317,281	93,712	-	55,410,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	70,065,308	611,973	-	70,677,281
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation:				
Buildings and improvements	4,756,157	541,746	-	5,297,903
Office furniture and equipment	1,134,726	82,690	-	1,217,416
Vehicles and equipment	384,395	31,277	-	415,672
Infrastructure	39,443,611	1,508,244	-	40,951,855
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	45,718,889	2,163,957	-	47,882,846
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, net of accumulated depreciation	24,346,419	(1,551,984)	-	22,794,435
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental capital assets, net	<u>\$ 155,862,845</u>	<u>\$ 3,448,541</u>	<u>\$ (1,137,643)</u>	<u>\$ 158,173,743</u>

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

	07/01/13	Increases	Decreases	06/30/14
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 460,385	\$ 275,621	\$ (381,380)	\$ 354,626
 Total capital assets, not being depreciated	 460,385	 275,621	 (381,380)	 354,626
Capital assets, being depreciated:				
Infrastructure	10,347,972	381,380	-	10,729,352
Equipment	254,827	-	-	254,827
 Total capital assets, depreciated	 10,602,799	 381,380	 -	 10,984,179
Accumulated depreciation:				
Infrastructure	2,330,502	255,592	-	2,586,094
Equipment	183,972	41,080	-	225,052
 Total accumulated depreciation	 2,514,474	 296,672	 -	 2,811,146
 Total capital assets, net of accumulated depreciation	 8,088,325	 84,708	 -	 8,173,033
 Business-type capital assets, net	 \$ 8,548,710	 \$ 360,329	 \$ (381,380)	 \$ 8,527,659

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 302,993
Public safety	95,866
Highways and public improvements	1,508,244
Community and economic development	40,252
Parks and public property	216,602
 Total depreciation expense - governmental activities	 \$ 2,163,957
Business-type activities:	
Storm drain	\$ 296,672

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Discretely presented component unit activity for the year ended June 30, 2014 is as follows:

	<u>07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/14</u>
<u>Component Unit</u>				
Capital assets, being depreciated:				
Equipment	\$ 20,934	\$ 2,000	\$ -	\$ 22,934
Total capital assets, depreciated	<u>20,934</u>	<u>2,000</u>	<u>-</u>	<u>22,934</u>
Accumulated depreciation:				
Equipment	<u>20,393</u>	<u>699</u>	<u>-</u>	<u>21,092</u>
Total accumulated depreciation	<u>20,393</u>	<u>699</u>	<u>-</u>	<u>21,092</u>
Total component unit capital assets, net	<u>\$ 541</u>	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ 1,842</u>

5. DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB pronouncement 33 “Accounting and Financial Reporting for Non-exchange Transactions” the City has accrued a property tax receivable and a deferred property tax revenue of \$3,298,776.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on January 1 and then are due and payable at November 30. Since the property tax levied on January 1, 2014 was not expected to be received within 60 days after year ended June 30, 2014, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax levied on January 1, 2014.

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term debt activity of the City for the year ended June 30, 2014, was as follow:

	<u>07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/14</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Revenue bonds	\$ 5,436,942	\$ 4,272,000	\$ (265,100)	\$ 9,443,842	\$ 477,900
Plus: unamortized premiums	45,508	-	(3,251)	42,257	-
Total bonds payable	5,482,450	4,272,000	(268,351)	9,486,099	477,900
Capital leases	15,532	-	(15,532)	-	-
Compensated absences	256,813	216,376	(241,966)	231,223	25,681
Governmental activities, long-term liabilities	<u>\$ 5,754,795</u>	<u>\$ 4,488,376</u>	<u>\$ (525,849)</u>	<u>\$ 9,717,322</u>	<u>\$ 503,581</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 3,601,800	\$ -	\$ (190,900)	\$ 3,410,900	\$ 200,100
Plus: unamortized premiums	38,765	-	(2,769)	35,996	-
Total bonds payable	3,640,565	-	(193,669)	3,446,896	200,100
Business-type activities, long-term liabilities	<u>\$ 3,640,565</u>	<u>\$ -</u>	<u>\$ (193,669)</u>	<u>\$ 3,446,896</u>	<u>\$ 200,100</u>

Revenue Bonds

During August 2011, the City authorized the Economic Development Fund to issue tax increment and sale tax revenue bonds in the amount of \$3,975,000, but as of June 30, 2014 year end only \$734,742 had been issued.

During November 2013, the City authorized the Economic Development Fund to issue tax increment and sale tax revenue bonds, Series 2013, in the amount of \$4,272,000. The bonds had \$71,465 of issuance costs and the remaining net proceeds were placed in a restricted cash account for future economic development projects.

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

6. **LONG-TERM DEBT (CONTINUED)**

Revenue Bonds (Continued)

Sales Tax Revenue Bonds, Series 2006, original issue of \$10,000,000, principal due in annual installments beginning November 2007, interest at 4.00% to 5.00% due in semi-annual installments beginning May 2007, with the final payment due November 2026. The bonds were issued to finance the costs of constructing and/or replacing infrastructure improvement, including storm drain construction, roads, curb, gutter and sidewalk improvements. Debt service payments will be made from the General Fund and Storm Drain Fund. \$ 7,415,000

Sales Tax Revenue Bonds, Series 2011 B, original issue of \$2,140,000, principal payments will be due in annual installments starting in November 2015, interest at 4.82% and due in semi-annual payments with the final payment due November 2024. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 39,799

Sales Tax Revenue Bonds, Series 2011 C, original issue of \$1,835,000, principal payments will be due in annual installments starting in November 2015, interest at 3.13% and due in semi-annual payments with the final payment due November 2024. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 694,943

Sales Tax Revenue Bonds, Series 2012, original issue of \$474,000, principal due in annual installments beginning November 2013, interest at 1.60% to 5.31% due in semi-annual installments beginning May 2013, with the final payment due November 2022. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 433,000

Sales Tax Revenue Bonds, Series 2013, original issue of \$4,272,000, principal due in annual installments beginning November 2014, interest at 1.48% to 6.02% due in semi-annual installments beginning November 2014, with the final payment due November 2025. These bonds were issued for the financing of property acquisition, site improvements and upgrades, and related improvements to promote economic and community development. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 4,272,000

Total Tax Revenue Bonds \$ 12,854,742

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2014

6. LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest for the revenue bonds, as of June 30, 2014, are as follows:

Year Ending June 30,	Sales Tax Revenue Bonds		
	Principal	Interest	Totals
2015	\$ 678,000	\$ 510,285	\$ 1,188,285
2016	2,504,000	409,899	2,913,899
2017	733,000	366,461	1,099,461
2018	752,000	339,434	1,091,434
2019	774,000	311,286	1,085,286
2020-2024	4,190,000	1,042,268	5,232,268
2025-2027	2,489,000	174,911	2,663,911
To be determined	734,742	-	734,742
	12,854,742	\$ 3,154,544	\$ 16,009,286
Plus: unamortized premium	78,253		
Total Revenue Bonds Payable	\$ 12,932,995		

7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Taylorsville contributes to the Local Government Contributory and Noncontributory Retirement System (Contributory or Noncontributory System) and Public Safety Retirement System (Public Safety System) for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

7. **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Funding Policy

The City of Taylorsville is required to contribute a percent of covered salary to the respective systems, 17.29% for tier 1 (Noncontributory) and 13.99% for tier 2 (Contributory) and 32.14% for tier 1 (Noncontributory). The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by Board.

The City of Taylorsville's contributions to the various systems for the years ending June 30, 2014, 2013, and 2012 were: Noncontributory System Tier 1, \$325,548, \$314,030, and \$269,836; Contributory tier 2, for 2014, 2013, and 2012 were \$19,623, \$5,312 and \$1,007; Public Safety Noncontributory tier 1, \$13,343, \$32,796, and \$681,973; and Public Safety, contributory tier 2, for 2013 and 2012 were \$102 and \$1,775. The contributions were equal to the required contributions for each year.

DEFERRED COMPENSATION 457 PLAN

The City offers its employees a deferred compensation plan through the Utah State Retirement System created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death or emergency. The city does not contribute to this plan.

8. **EMPLOYEE BENEFIT PLAN**

The City provides a 401(k) plan for substantially all employees. The Plan is available to full-time employees who are age 18 or older. Employees may voluntarily contribute to the Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council.

The City's contributions to the Taylorsville City Employees' 401(k) plan for years ending June 30, 2014, 2013, and 2012 were \$37,192, \$42,732, and \$196,475, respectively. Plan assets are held by the Utah Retirement Systems.

9. **COMMITMENTS**

The City has entered into several contracts with Salt Lake County for the county to provide various services. These services include Public Safety (police, fire and paramedic) and Public Works. The term of each of these contracts is one year or less.

The City has contracted with West Valley City to provide Animal control services. During 2009, West Valley City built an animal shelter, in which the City has 18.3% interest. The shelter was financed with bonds, which the City is obligated and liable to pay its portion.

The City has also contracted with outside entities for Plan Review/Building Inspection, Engineering and Technical Services, and Legal Services. The term of each contract is one year.

10. CONTINGENT LIABILITIES

The City is involved in various claims and legal actions arising in the ordinary course of events. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the City's financial position or results on operations.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2014, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2014 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

12. TRANSFERS RECONCILIATION

Transfers among the funds for the year ended June 30, 2014 are described below: Transfers are made to meet the ongoing needs of the City to complete various projects.

	In	Out
General Fund	\$ -	\$ 2,285,236
Infrastructure - Capital Projects Fund	1,250,000	-
Economic Development Fund	1,035,236	-
	<u>\$ 2,285,236</u>	<u>\$ 2,285,236</u>

CITY OF TAYLORSVILLE
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Park Impact	Buildings	
ASSETS			
Cash and cash equivalents	\$ 405,853	\$ 145,882	\$ 551,735
Total assets	<u>\$ 405,853</u>	<u>\$ 145,882</u>	<u>\$ 551,735</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,536	\$ 3,536
Total liabilities	<u>-</u>	<u>3,536</u>	<u>3,536</u>
FUND BALANCES			
Restricted for parks	405,853	-	405,853
Assigned	-	142,346	142,346
Total fund balances	<u>405,853</u>	<u>142,346</u>	<u>548,199</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 405,853</u>	<u>\$ 145,882</u>	<u>\$ 551,735</u>

Supplemental Information

CITY OF TAYLORSVILLE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Park Impact	Buildings	
REVENUES			
Impact fees	\$ 134,933	\$ 3,136	\$ 138,069
Miscellaneous	337	-	337
 Total revenues	<u>135,270</u>	<u>3,136</u>	<u>138,406</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	135,270	3,136	138,406
Fund balances, beginning of year	<u>270,583</u>	<u>139,210</u>	<u>409,793</u>
Fund balances, end of year	<u><u>\$ 405,853</u></u>	<u><u>\$ 142,346</u></u>	<u><u>\$ 548,199</u></u>

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Parks Impact Special Revenue Fund – Budget to Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 20,000	\$ 145,000	\$ 134,933	\$ (10,067)
Miscellaneous	-	-	337	337
Total revenues	<u>20,000</u>	<u>145,000</u>	<u>135,270</u>	<u>(9,730)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (480,000)</u>	<u>\$ 145,000</u>	135,270	<u>\$ (9,730)</u>
Fund balance, beginning of year			<u>270,583</u>	
Fund balance, end of year			<u>\$ 405,853</u>	

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Infrastructure Capital Projects Fund – Budget to Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ 4,200,000	\$ 8,200,000	\$ 8,200,000	\$ -
Miscellaneous	3,000	3,000	76,756	73,756
Interest income	8,000	8,000	15,577	7,577
Total revenues	<u>4,211,000</u>	<u>8,211,000</u>	<u>8,292,333</u>	<u>81,333</u>
<u>EXPENDITURES</u>				
Closing costs	-	-	39,000	(39,000)
Capital outlay	4,341,000	10,441,000	4,789,788	5,651,212
Total expenditures	<u>4,341,000</u>	<u>10,441,000</u>	<u>4,828,788</u>	<u>5,612,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,000)</u>	<u>(2,230,000)</u>	<u>3,463,545</u>	<u>5,693,545</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	190,764	1,250,000	1,250,000	-
Sale of capital assets	-	-	30,000	30,000
Total other financing sources (uses)	<u>190,764</u>	<u>1,250,000</u>	<u>1,280,000</u>	<u>30,000</u>
Net change in fund balance	<u>\$ 60,764</u>	<u>\$ (980,000)</u>	<u>4,743,545</u>	<u>\$ 5,723,545</u>
Fund balance, beginning of year			<u>2,140,657</u>	
Fund balance, end of year			<u>\$ 6,884,202</u>	

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Buildings Capital Projects Fund – Budget to Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 10,000	\$ 10,000	\$ 3,136	\$ (6,864)
Total revenues	10,000	10,000	3,136	(6,864)
<u>EXPENDITURES</u>				
Capital outlay	135,000	120,000	-	120,000
Total expenditures	135,000	120,000	-	120,000
Net change in fund balance	<u>\$ (125,000)</u>	<u>\$ (110,000)</u>	3,136	<u>\$ 113,136</u>
Fund balance, beginning of year			<u>139,210</u>	
Fund balance, end of year			<u>\$ 142,346</u>	

CITY OF TAYLORSVILLE
Combining Statement of Net Position – Component Units
June 30, 2014

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 194,777	\$ 51,331	\$ 246,108
Accounts receivables	6,550	610	7,160
Total current assets	201,327	51,941	253,268
Noncurrent assets:			
Machinery and equipment	2,000	20,934	22,934
Accumulated depreciation	(200)	(20,892)	(21,092)
Total noncurrent assets	1,800	42	1,842
Total assets	203,127	51,983	255,110
LIABILITIES			
Current liabilities:			
Accounts payable	18,292	6,031	24,323
Total current liabilities	18,292	6,031	24,323
Noncurrent liabilities:			
	-	-	-
Total liabilities	18,292	6,031	24,323
NET POSITION			
Net investment in capital assets	1,800	42	1,842
Unrestricted	183,035	45,910	228,945
Total net position	\$ 184,835	\$ 45,952	\$ 230,787

CITY OF TAYLORSVILLE**Combining Statement of Revenues, Expenses, and Changes in Net Position –****Component Units****For the Year Ended June 30, 2014**

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
OPERATING REVENUES			
Sales and charges for services	\$ 40,587	\$ 27,703	\$ 68,290
Grants and contributions	94,938	9,170	104,108
Total operating revenues	135,525	36,873	172,398
OPERATING EXPENSES			
Community events	109,995	46,612	156,607
Depreciation	-	500	500
Total operating expenses	109,995	47,112	157,107
Operating income	25,530	(10,239)	15,291
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	201	15	216
Total nonoperating revenues	201	15	216
Change in net position	25,731	(10,224)	15,507
Total net position, beginning	159,104	56,176	215,280
Total net position, ending	\$ 184,835	\$ 45,952	\$ 230,787

Statistical Section

CITY OF TAYLORSVILLE
Net Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting
Amounts Expressed In Thousands

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	\$ 149,200	\$ 150,816	\$ 151,613	\$ 152,071	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286	\$ 159,299	\$ 157,622
Restricted	4,178	1,928	711	1,396	3,518	2,171	2,823	11,047	857	1,994
Unrestricted	12,843	4,193	4,922	4,657	2,993	3,089	3,264	2,938	1,728	3,824
Total governmental activities net position	<u>166,221</u>	<u>156,937</u>	<u>157,246</u>	<u>158,124</u>	<u>158,786</u>	<u>155,987</u>	<u>157,291</u>	<u>163,271</u>	<u>161,884</u>	<u>163,440</u>
Business type activities										
Invested in capital assets, net of related debt	5,081	4,908	4,662	4,952	3,434	766	(24)	-	-	-
Restricted	0	0	0	394	730	3,483	4,392	-	-	-
Unrestricted	4,140	3,974	4,000	3,107	3,945	3,486	2,972	-	-	-
Total business type activities	<u>9,221</u>	<u>8,882</u>	<u>8,662</u>	<u>8,453</u>	<u>8,109</u>	<u>7,735</u>	<u>7,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government										
Invested in capital assets, net of related debt	154,281	155,724	156,275	157,023	155,710	151,493	151,180	149,286	159,299	157,622
Restricted	4,178	1,928	711	1,790	4,248	5,654	7,215	11,047	857	1,994
Unrestricted	16,983	8,167	8,922	7,764	6,938	6,575	6,236	2,938	1,728	3,824
Total Primary Government	<u>175,442</u>	<u>165,819</u>	<u>165,908</u>	<u>166,577</u>	<u>166,896</u>	<u>163,722</u>	<u>164,631</u>	<u>163,271</u>	<u>161,884</u>	<u>163,440</u>

CITY OF TAYLORSVILLE
Changes In Net Position
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
General government	\$ 3,164	\$ 3,044	\$ 2,730	\$ 2,662	\$ 2,755	\$ 2,813	\$ 2,500	\$ 1,899	\$ 1,414	\$ 2,065
Public safety	13,102	14,714	14,561	13,847	13,519	13,066	12,918	11,410	12,124	11,080
Highways and streets	4,120	3,984	4,544	3,843	4,563	4,755	5,083	5,470	3,075	2,947
Community development	2,290	1,965	1,771	2,031	1,726	1,867	1,616	1,586	1,497	1,597
Parks and recreation	470	443	374	315	-	466	102	245	64	47
Other	-	-	-	-	311	0	-	-	276	243
Interest on debt service	357	254	210	203	216	222	218	313	16	21
Total governmental expenses	<u>23,504</u>	<u>24,403</u>	<u>24,191</u>	<u>22,901</u>	<u>23,090</u>	<u>23,189</u>	<u>22,437</u>	<u>20,923</u>	<u>18,466</u>	<u>18,000</u>
Business type expenses										
Storm drain expenses	834	938	1,008	826	844	935	403	-	-	-
Total business expenses	<u>834</u>	<u>938</u>	<u>1,008</u>	<u>826</u>	<u>844</u>	<u>935</u>	<u>403</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 24,337</u>	<u>\$ 25,341</u>	<u>\$ 25,199</u>	<u>\$ 23,727</u>	<u>\$ 23,934</u>	<u>\$ 24,124</u>	<u>\$ 22,840</u>	<u>\$ 20,923</u>	<u>\$ 18,466</u>	<u>\$ 18,000</u>
Program Revenues										
Governmental activities										
Charges for service										
General government	\$ 35	\$ 78	\$ 129	\$ 79	\$ 104	\$ 68	\$ 2	\$ 9	\$ 262	\$ 221
Public safety	2,119	2,161	2,684	2,567	2,437	1,565	1,517	2,033	-	-
Community development	839	662	715	759	664	880	734	978	236	178
Parks, recreation and public prop.	44	49	41	90	109	-	-	-	-	-
Operating grants and contributions	2,065	2,171	2,255	2,568	2,328	1,899	2,178	2,695	2,584	2,331
Capital grants and contributions	8,770	1,864	957	904	5,296	1,500	1,200	1,042	13	1,308
Total governmental program revenues	<u>13,871</u>	<u>6,985</u>	<u>6,781</u>	<u>6,967</u>	<u>10,938</u>	<u>5,912</u>	<u>5,631</u>	<u>6,757</u>	<u>3,095</u>	<u>4,038</u>
Business type revenue										
Storm drain revenue	1,171	1,155	1,212	1,161	1,201	1,257	1,146	-	-	-
Total business revenue	<u>1,171</u>	<u>1,155</u>	<u>1,212</u>	<u>1,161</u>	<u>1,201</u>	<u>1,257</u>	<u>1,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>15,042</u>	<u>8,140</u>	<u>7,993</u>	<u>8,128</u>	<u>12,139</u>	<u>7,169</u>	<u>6,777</u>	<u>6,757</u>	<u>3,095</u>	<u>4,038</u>
Net (expenses)/ Revenue										
Total primary government net expense	<u>\$ (9,295)</u>	<u>\$ (17,201)</u>	<u>\$ (17,207)</u>	<u>\$ (15,599)</u>	<u>\$ (11,795)</u>	<u>\$ (16,955)</u>	<u>\$ (16,063)</u>	<u>\$ (14,166)</u>	<u>\$ (15,371)</u>	<u>\$ (13,962)</u>

CITY OF TAYLORSVILLE
Changes In Net Position
Last Ten Fiscal Years

	<u>2014</u>	<u>2014</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Revenues and Other Changes in Net Position										
General revenues:										
Property taxes	\$ 6,831	\$ 5,584	\$ 4,728	\$ 4,693	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863	\$ 4,084	\$ 4,028
Sales taxes	7,663	7,450	7,277	6,778	6,717	7,377	8,440	8,353	-	-
Franchise taxes	4,004	3,951	3,648	3,588	3,391	3,588	3,633	1,646	-	-
Other taxes	-	-	0	-	-	-	-	-	7,466	6,701
Unrestricted investment earnings	98	71	79	63	81	189	366	452	148	121
Gain (loss) on sale of capital assets	-	2	483	18	21	4	(63)	(5)	33	880
Other revenues	323	54	0	139	41	59	35	244	2,415	2,198
Special item	-	-	322	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	(6,360)	-	-	-
Total primary government	<u>18,918</u>	<u>17,113</u>	<u>16,537</u>	<u>15,279</u>	<u>14,968</u>	<u>15,972</u>	<u>10,828</u>	<u>15,553</u>	<u>14,146</u>	<u>13,928</u>
Changes in Net Position										
Governmental activities	9,284	(308)	(879)	(663)	2,800	(1,304)	(5,980)	1,387	(1,556)	(34)
Business activities	339	220	209	344	374	396	7,340	-	-	-
Net position beginning	<u>165,819</u>	<u>165,907</u>	<u>166,577</u>	<u>166,896</u>	<u>163,722</u>	<u>164,631</u>	<u>163,271</u>	<u>161,884</u>	<u>163,440</u>	<u>163,474</u>
Net position ending	<u>\$ 175,442</u>	<u>\$ 165,819</u>	<u>\$ 165,907</u>	<u>\$ 166,577</u>	<u>\$ 166,896</u>	<u>\$ 163,723</u>	<u>\$ 164,631</u>	<u>\$ 163,271</u>	<u>\$ 161,884</u>	<u>\$ 163,440</u>

CITY OF TAYLORSVILLE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Amount Expressed In Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund				
Restricted for:				
Class C roads	\$ 172	\$ 94	\$ 493	\$ 410
Unassigned	<u>\$ 4,254</u>	<u>\$ 3,599</u>	<u>\$ 4,006</u>	<u>\$ 3,945</u>
Total general fund	<u>\$ 4,426</u>	<u>\$ 3,693</u>	<u>\$ 4,498</u>	<u>\$ 4,355</u>
All other governmental funds				
Restricted for:				
Future construction	3,600	1,563	4	879
Parks	406	271	214	107
Assigned to:				
Infrastructure fund	3,284	578	625	974
Economic development	5,409	625	438	585
Buildings fund	142	139	16	13
Unassigned	-			(10)
Total all other governmental funds	<u>\$ 12,841</u>	<u>\$ 3,176</u>	<u>\$ 1,297</u>	<u>\$ 2,548</u>

Note: Implementation of GASB 54 changed fund balance category presentation.
The years from 2005 through 2010 are displayed below under the former GAAP categories.
The presentations are not comparable and are therefore displayed separately.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General fund						
Reserved	\$ -	\$ -	\$ 1,723	10,253	-	-
Unreserved	<u>3,742</u>	<u>3,731</u>	<u>1,641</u>	<u>1,116</u>	<u>1,323</u>	<u>2,338</u>
Total general fund	<u>\$ 3,742</u>	<u>\$ 3,731</u>	<u>\$ 3,364</u>	<u>\$ 11,369</u>	<u>\$ 1,323</u>	<u>\$ 2,338</u>
All other governmental funds						
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791	857	1,198
Unreserved, reported in:						
Special revenue	-	47	571	2,341	174	2,113
Capital projects	87	-	-	11	231	170
Permanent	<u>8</u>					
Total all other governmental funds	<u>\$ 3,613</u>	<u>\$ 2,219</u>	<u>\$ 3,394</u>	<u>\$ 3,143</u>	<u>\$ 1,262</u>	<u>\$ 3,481</u>

CITY OF TAYLORSVILLE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years-Expressed in Thousands

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues										
Taxes	\$ 18,498	\$ 16,986	\$ 15,652	\$ 15,058	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862	\$ 11,550	\$ 10,729
Licenses and Permits	643	537	571	589	513	650	581	649	649	663
Intergovernmental	11,015	4,313	2,844	3,818	7,830	3,336	3,246	2,958	2,598	2,331
Charges for Services	341	334	426	447	431	376	267	396	262	221
Fines and Forfeitures	1,733	1,746	2,260	2,087	1,980	1,527	1,476	2,005	1,588	1,439
Interest Income	96	69	74	55	64	189	394	474	148	121
Impact Fees	138	62	47	26	99	23	60	215	236	178
Miscellaneous Revenue	328	46	483	139	41	59	34	244	171	30
Rental Income	-	-	-	-	-	-	-	6	6	66
Total Revenues	<u>32,792</u>	<u>24,093</u>	<u>22,357</u>	<u>22,219</u>	<u>25,783</u>	<u>21,881</u>	<u>22,908</u>	<u>21,809</u>	<u>17,208</u>	<u>15,778</u>
Expenditures										
General Government	1,912	1,990	2,277	2,008	2,035	2,043	2,006	1,467	1,631	1,393
Public Safety	13,013	14,623	14,004	13,495	13,017	12,528	11,835	10,737	9,764	8,969
Highways and Public Improvements	2,710	2,479	2,485	1,802	2,102	2,388	2,518	2,665	2,476	2,386
Community and Economic Development	2,373	1,923	3,338	1,776	1,667	1,845	1,547	1,565	1,206	1,293
Parks, Recreation, and Public Property	249	311	183	150	149	77	47	71	51	38
Non-Departmental	648	655	522	508	443	507	294	254	222	196
Capital outlay	5,239	1,041	1,018	2,534	4,525	2,792	4,808	2,524	5,186	3,168
Debt service:										
Principal	269	219	218	201	316	357	515	342	-	-
Interest	224	224	212	205	217	228	248	229	-	-
Bond Issuance costs	59	32	82							
Total Expenditures	<u>26,696</u>	<u>23,497</u>	<u>24,339</u>	<u>22,679</u>	<u>24,471</u>	<u>22,765</u>	<u>23,818</u>	<u>19,854</u>	<u>20,536</u>	<u>17,443</u>
Excess of Revenues over (under) Expenditures	6,096	596	(1,982)	(460)	1,312	(884)	(910)	1,955	(3,328)	(1,665)
Other financing sources (uses)										
Transfers in	2285	865	803	650	400	474		3,050	1,870	2,192
Transfer out	(2,285)	(865)	(803)	(650)	(400)	(474)	(6,933)	(3,050)	(1,870)	(2,192)
Proceeds on the Sale of Assets	30	2	130	18	92	5	88	27	33	880
Proceeds of Issuance of Debt	4272	474	735	-	-	71	-	9,944	-	1,308
Total other financing sources (uses)	<u>4302</u>	<u>476</u>	<u>865</u>	<u>18</u>	<u>92</u>	<u>76</u>	<u>(6,845)</u>	<u>9,971</u>	<u>33</u>	<u>2,188</u>
Net changes in fund balances	<u>10,398</u>	<u>1,072</u>	<u>(1,117)</u>	<u>(442)</u>	<u>1,405</u>	<u>(\$808)</u>	<u>(\$7,755)</u>	<u>\$11,926</u>	<u>(3,295)</u>	<u>523</u>
Debt service as a percentage of noncapital expenditures	2.3%	2.0%	1.8%	2.0%	2.7%	2.9%	4.0%	3.3%	0.0%	0.0%

CITY OF TAYLORSVILLE
 Assessed and Estimated Actual Value Taxable Property
 Last Ten Years
 (Amounts Expressed In Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assed Value to Total Est. Actual Value
	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	
2005	\$1,842,680	\$2,948,634	\$93,857	\$93,857	\$1,936,537	\$3,042,491	63.65%
2006	\$2,102,847	\$3,037,093	\$96,129	\$96,129	\$2,198,976	\$3,133,222	70.18%
2007	\$2,099,895	\$3,399,115	\$96,841	\$96,841	\$2,196,736	\$3,495,956	62.84%
2008	\$2,632,094	\$4,211,350	\$135,418	\$135,418	\$2,767,512	\$4,346,768	63.67%
2009	\$2,353,900	\$3,766,240	\$154,522	\$154,522	\$2,508,422	\$3,920,762	63.98%
2010	\$2,298,769	\$3,678,030	\$154,938	\$154,938	\$2,453,707	\$3,832,968	64.02%
2011	\$2,229,882	\$3,567,811	\$165,123	\$165,123	\$2,395,005	\$3,732,934	64.16%
2012	\$2,108,998	\$3,268,947	\$128,684	\$128,684	\$2,237,682	\$3,397,631	65.86%
2013	\$2,218,299	\$3,438,363	\$129,459	\$129,459	\$2,347,758	\$3,567,822	65.80%
2014	\$2,352,029	\$3,645,645	\$128,381	\$128,381	\$2,480,410	\$3,774,026	65.72%

Source: Information was taken from "Bond Certificate Worksheets" provided by the Salt Lake County Auditors Office.

CITY OF TAYLORSVILLE
Property Tax Rates – All Direct And Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years

Fiscal Year	Taylorsville City	Salt Lake County	So. Salt Lake County	Jordan Valley	Central Utah	Other District Range(1)		Total Tax Rate Range (2)	
			Mosquito Abatement	Water Conservancy District	Conservancy District	Low	High	Low	High
2005	1.881	3.427	0.034	0.397	0.400	6.950	9.082	11.208	15.221
2006	1.801	3.378	0.030	0.400	0.357	8.383	10.593	12.548	16.559
2007	1.858	2.988	0.027	0.352	0.302	7.544	10.554	11.213	16.081
2008	1.554	2.301	0.023	0.400	0.286	5.767	8.038	8.777	12.602
2009	1.514	1.934	0.022	0.384	0.400	6.054	6.679	8.794	10.933
2010	1.690	2.278	0.025	0.400	0.421	6.047	7.955	9.171	12.769
2011	1.739	2.593	0.050	0.410	0.436	6.994	8.305	10.483	13.533
2012	1.794	2.517	0.052	0.424	0.436	6.796	8.761	10.225	13.984
2013	2.202	2.793	0.021	0.443	0.455	7.166	8.676	10.878	14.590
2014	2.722	3.180	0.021	0.424	0.446	6.994	9.094	11.065	15.887

Source: Tax Rate/Mill Levy File Listing Sheets from Salt Lake County Auditor's Office

- (1) The City of Taylorsville is divided into seven tax districts. All seven districts are taxed by four entities listed above. Each district is also taxed by other separate taxing entities. These other entities do not tax all the districts rather only certain districts. The following is a list of the other entities and their tax rate: Granite School District (0.006994), Taylorsville Bennion Imp. Dist.(0.000173), Graniger-Hunter Imp. Dist.(0.000739), Kearns Imp. Dist.(0.000821), and Jordan School District(0.007132). The "Low" Rate provided here represents the tax district with the lowest combined tax rate from the other taxing entities. The "High" represents the tax district with the highest combined tax rate from the other taxing entities
- (2) The total tax rate range represents the range within which all the property tax rates in the City of Taylorsville will fall

CITY OF TAYLORSVILLE
Principal Property Taxpayers
June 30, 2014
(Per \$1,000 of Assessed Value)

TAXPAYER	2014			TAXPAYER	2013		
	Taxable Assessed Value	Rank-2014	% of Total Taxable Assessed Value		Taxable Assessed Value	Rank-2013	% of Total Taxable Assessed Value
Inland American Taylorsville	\$ 45,796	1	1.98%	Hermes Associates, LTD	\$ 43,549	1	1.98%
Hermes Associates, LTD	\$ 43,111	2	1.87%	Inland American Taylorsville	\$ 34,104	2	1.55%
Arden Realty Limited	\$ 38,077	3	1.65%	Arden Realty Limited	\$ 32,172	3	1.46%
SLC Riverboat, LLC	\$ 28,775	4	1.25%	SLC Riverboat, LLC	\$ 22,675	4	1.03%
PCCP JSP Fairway LLC	\$ 22,425	5	0.97%	PCCP JSP Fairway LLC	\$ 20,009	5	0.91%
Summerwood Associates	\$ 21,214	6	0.92%	Summerwood Associates	\$ 18,450	6	0.84%
Wal-Mart Real Estate	\$ 18,368	7	0.80%	Wal-Mart Real Estate	\$ 18,368	7	0.83%
BC-GFS Settler's Point	\$ 16,736	8	0.72%	Hermes Associates, LTD	\$ 17,015	8	0.77%
Hermes Associates, LTD	\$ 15,514	9	0.67%	BC-GFS Settler's Point	\$ 14,698	9	0.67%
The Mark Twain Limited	\$ 14,935	10	0.65%	ICU Medical Inc.	\$ 13,223	10	0.60%
Mikami Brothers	\$ 13,555	11	0.59%	Rural Enterprises	\$ 12,400	11	0.56%
ICU Medical Inc	\$ 13,221	12	0.57%	The Mark Twain Limited	\$ 12,224	12	0.55%
Redevelopment Agency	\$ 12,578	13	0.54%	Mikami Brothers	\$ 11,883	13	0.54%
SRP Building IX, LLC	\$ 12,470	14	0.54%	DDR Family Centers LP	\$ 11,806	14	0.54%
DDR Family Centers LP	\$ 10,575	15	0.46%	SRP Building IX, LLC	\$ 10,842	15	0.49%
	<u>\$ 327,350</u>		<u>14.18%</u>		<u>\$ 293,418</u>		<u>13.32%</u>

CITY OF TAYLORSVILLE
Property Tax Levies and Collections
June 30, 2014
(Per \$1,000 of Assessed Value)

<u>Fiscal</u>	<u>Total Tax</u>	<u>Current Tax</u>	<u>Percent of Taxes</u>	<u>Delinquent Tax</u>	<u>Total Tax</u>	<u>Collected as a Percentage of Total Tax</u>
2005	\$ 3,531,032	\$ 3,424,997	97.00%	\$ 98,760	\$ 3,523,757	99.79%
2006	\$ 3,567,498	\$ 3,464,828	97.12%	\$ 97,359	\$ 3,562,187	99.85%
2007	\$ 4,170,823	\$ 4,082,529	97.88%	\$ 85,567	\$ 4,168,096	99.93%
2008	\$ 4,256,659	\$ 4,120,204	96.79%	\$ 82,887	\$ 4,203,091	98.74%
2009	\$ 4,288,492	\$ 4,166,095	97.15%	\$ 85,045	\$ 4,251,140	99.13%
2010	\$ 4,274,369	\$ 4,131,283	96.65%	\$ 77,490	\$ 4,208,773	98.47%
2011	\$ 4,328,397	\$ 4,181,078	96.60%	\$ 85,736	\$ 4,266,814	98.58%
2012	\$ 4,299,666	\$ 4,169,257	96.97%	\$ 130,931	\$ 4,300,188	100.01%
2013	\$ 5,011,821	\$ 4,853,499	96.84%	\$ 92,428	\$ 4,945,927	98.69%
2014	\$ 6,489,413	\$ 6,333,771	97.60%	\$ 145,683	\$ 6,479,454	99.85%

CITY OF TAYLORSVILLE
Ratios Of Outstanding Debt By Type
Last Ten Fiscal Years
(Amounts Expressed In Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>Capital Lease (000's)</u>	<u>Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2005	1,308	-	0.07%	\$ 29.84
2006	977	-	0.05%	\$ 31.37
2007	635	10,000	0.52%	\$ 32.98
2008	282	9,700	0.46%	\$ 34.93
2009	350	9,355	0.44%	\$ 35.69
2010	186	9,000	0.41%	\$ 35.98
2011	133	8,630	0.39%	\$ 37.90
2012	76	12,205	0.64%	\$ 32.47
2013	15	11,879	0.90%	\$ 22.39
2014	-	12,855	0.95%	\$ 22.37

CITY OF TAYLORSVILLE
 Computation of Direct And Overlapping Bonded Debt-
 General Obligation Bonds
 June 30, 2014

Name of Governmental Units	Net Debt Outstanding	Percentage Applicable to City of Taylorsville	Amount
Direct Debt- City of Taylorsville	-	100.00%	-
Overlapping Debt:			
State of Utah:	\$ 3,271,302,000	2.09%	\$ 68,249,157
Salt Lake County:	215,265,000	5.61%	12,065,730
			<u>\$ 80,314,887</u>

CITY OF TAYLORSVILLE
 Legal Debt Margin Information
 Last Ten Years
 (Amounts Expressed In Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606	79,147	75,358
Total net debt applicable to limit	12,855	\$ 9,038	\$ 8,965	\$ 8,630	\$ 9,000	\$ 9,355	\$ 9,700	\$ 10,000		
Legal debt margin	84,704	83,139	79,150	91,302	93,112	103,119	99,186	79,606	79,147	75,358
Total net debt applicable to the limit as a percentage of debt limit	15%	11%	11%	9%	10%	9%	10%	13%	0.00%	

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$2,438,970	\$2,304,415	\$2,202,882	\$2,498,307	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Add back: Exempt real property									
Total assessed value	2,438,970	2,304,415	2,202,882	2,498,307	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Debt limit (4% of total assets, value)	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	\$ 102,112	\$ 112,474	\$ 108,886	\$ 89,606	79,147
Debt applicable to limit									
General obligation bonds									
Less: Amount set aside for repayment on G.O Debt									
Total net debt applicable to limit									
Total debt margin	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606	79,147

CITY OF TAYLORSVILLE
 Demographic Statistics And Economic Statistics
 Last Ten Years

Fiscal Year	Population (1)	Square Miles (1)	New Lots Approved (1)	Total Housing Units (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment rate (3)
2005	58,048	10.7	97	20,195	1,191,551	20.527	5.00%
2006	58,170	10.7	245	20,440	1,281,776	22.035	3.40%
2007	58,293	10.7	121	20,561	1,378,921	23.655	2.80%
2008	58,416	10.7	127	20,688	1,423,247	24.364	3.20%
2009	58,539	10.7	29	20,717	1,236,110	21.116	5.70%
2010	58,652	10.7	14	20,731	1,285,300	21.914	7.20%
2011	58,945	10.7	7	20,738	1,301,276	22.076	7.30%
2012	59,240	10.7	93	20,831	1,317,497	22.240	6.00%
2013	59,536	10.7	28	20,859	1,327,657	22.399	4.70%
2014	60,519	10.7	8	20,867	1,353,931	22.372	3.30%

Source: 1) The City of Taylorsville, Community Development Department
 2) Utah State Tax Commission
 3) The Utah Department of Employment Security, Economics Department(June)

CITY OF TAYLORSVILLE
 General Governmental Tax Revenue By Source
 Last Ten Years

<u>FY</u>	<u>General Property Tax</u>	<u>General Sale and Use Tax</u>	<u>Franchise Taxes</u>	<u>Total Tax Revenue</u>
2005	\$ 4,028,194	\$ 6,478,319	\$ 222,774	\$ 10,729,287
2006	\$ 4,084,327	\$ 7,232,232	\$ 233,583	\$ 11,550,142
2007	\$ 4,863,825	\$ 8,352,652	\$ 1,645,565	\$ 14,862,042
2008	\$ 4,777,115	\$ 8,440,299	\$ 3,632,579	\$ 16,849,993
2009	\$ 4,755,101	\$ 7,377,454	\$ 3,588,153	\$ 15,720,708
2010	\$ 4,717,352	\$ 6,716,524	\$ 3,391,262	\$ 14,825,138
2011	\$ 4,693,030	\$ 6,777,649	\$ 3,587,733	\$ 15,058,412
2012	\$ 4,727,535	\$ 7,276,810	\$ 3,647,798	\$ 15,652,143
2013	\$ 5,583,762	\$ 7,450,478	\$ 3,951,495	\$ 16,985,735
2014	\$ 6,831,440	\$ 7,662,586	\$ 4,004,310	\$ 18,498,336

CITY OF TAYLORSVILLE
Principal Employers
June 30, 2014

Employer	Employees
Convergys	2696
American Express	2058
Salt Lake Community College	1300
Granite School District	858
ICU Medical	500
Nelson Laboratories, Inc.	500
Utah Department of Transportation	450
Walmart	450
Utah Department of Public Safety	270
Sorenson Communications, Inc.	200
RBS Securities	181
Harmons	157
24 Hour Fitness USA, Inc.	150
Legacy Village	118
Ovivo	110
Fresh Market	102
IHC Taylorsville Health Center	102
Texas Roadhouse	100
Delta Health Systems	100
Unified State Labs-Public Health Lab	95
Old Spaghetti Factory of Utah	94
ITT Technical Institute	92
Avalon West Health/Rehabilitation	86
Ream's	84
Applebee's Neighborhood Grill	70
Telenotes	70
AT&T Mobility	67
ALS Laboratory Group	67
Jo-Ann	65
Magpie Systems	63
CH2M Hill, Inc.	61

CITY OF TAYLORSVILLE
Miscellaneous Statistics
June 30, 2014

Date of Incorporation	July 1, 1996
Form of Government	Mayor/Council
Number of employees	38 Full Time 15 Part Time
Appointed	8
Elected	6
Area in square miles	10.7
Registered voters	27,636

City of Taylorsville facilities and services:

Culture and Recreation:

Swimming Pools	2
Parks	15 (including County owned)
Libraries (County)	1
Golf Courses	2

Fire Protection:

Number of stations/COP	2
Fire Service	Contract with Unified Fire Authority

Education:

Number of elementary schools	9*
Number of secondary schools	2*
Number of high schools	1*

- * City of Taylorsville residents attended two additional elementary schools, one additional secondary school, and one additional high school outside the City of Taylorsville boundaries.

Compliance Reports

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South

Bountiful, Utah 84010

801-296-0200

Fax 801-296-1218

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah ("the City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 14-1.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 13, 2014

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

Report on Compliance for Each Major Federal Program

We have audited the City of Taylorsville's ("the City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Taylorsville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 14-1. Our opinion on each major federal program is not modified with respect to this matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or

significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hangen, Bradshaw, Malmrose & Erickson, P.C.

November 13, 2014

CITY OF TAYLORSVILLE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
Pass Through Salt Lake City:				
Byrne - Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-2286	41,988	\$ 18,655
Byrne - Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-0260	34,266	18,439
Total pass through Salt Lake City				<u>37,094</u>
Total U.S. Department of Justice				<u>37,094</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant 08-09	14.218	B-09-MC-49-0009	371,584	64,000
Community Development Block Grant 09-10	14.218	B-10-MC-49-0009	401,203	28,119
Community Development Block Grant 10-11	14.218	B-11-MC-49-0009	334,100	197,503
Community Development Block Grant 11-12	14.218	B-12-MC-49-0009	340,378	117,840
Community Development Block Grant 12-13	14.218	B-13-MC-49-0009	389,763	189,792
Total direct programs				<u>597,254</u>
Pass Through Salt Lake County:				
Home Investment Partnerships Program (First-time Home Buyers)	14.239	BV06109C	70,000	27,109
Total pass through Salt Lake County				<u>27,109</u>
Total U.S. Department of Housing and Urban Development				<u>624,363</u>
U.S. Department of Homeland Security				
Pass Through State of Utah:				
FEMA Emergency Management Performance	97.042	EMPG-2013-HLS-24	15,000	15,000
State Homeland Security Program	97.067	DES-2011-SHSP-002	3,827	3,827
State Homeland Security Program	97.067	DES-2012-SHSP-002	4,440	4,440
Total pass through State of Utah				<u>23,267</u>
Total U.S. Department of Homeland Security				<u>23,267</u>
Total Federal Expenditures				<u>\$ 684,724</u>

CITY OF TAYLORSVILLE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the City's basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Taylorsville, Utah. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance - OMB Circular A-133 requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as None in the CFDA Column of the schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended in 2004) and OMB Circular A-133 establish the levels to be used in defining Type A and Type B federal programs. Type A programs for the City of Taylorsville, Utah are those programs that exceeded \$300,000 in the federal awards expended for the fiscal year ended June 30, 2014. All other programs are classified as Type B by the City.

Reporting Entity

The City reporting entity is fully described in Footnote 1 of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2014.

CITY OF TAYLORSVILLE
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the City's basic financial statements as intergovernmental revenue in the General Fund. The Schedule is presented using the same basis of accounting as described in Footnote 1 of the City's basic financial statements.

3. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance.

4. LOANS RECEIVABLE

As of June 30, 2014, the City held federally-funded loan balances as follows:

Housing Rehabilitation Revolving Loans	\$160,043
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CITY OF TAYLORSVILLE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

A. Summary of Auditors' Results

1.	Type of Report Issued:	Unmodified
2.	Internal Control over Financial Reporting:	
	Material Weaknessess Identified:	No
	Significant Deficiencies Identified that were not Considered Material Weaknesses:	No
3.	Non-compliance Material to Financial Statements Noted:	No
4.	Internal Control over Major Programs:	
	Material Weaknessess Identified:	No
	Significant Deficiencies Identified that were not Considered Material Weaknesses:	None reported
5.	Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
6.	Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(d) of Circular A-133:	One
7.	Federal Programs Tested as Major Programs:	CFDA 14.218
8.	Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$300,000
9.	Auditee Qualifications as High or Low Risk:	High

CITY OF TAYLORSVILLE
Summary Schedule of Audit Findings
For the Year Ended June 30, 2014

B. Findings and Questioned Costs - Federal Award Programs

14-1 Inadequate Subrecipient Monitoring for CDBG Program

Federal Awarding Agency: Department of Housing and Urban Development
CFDA Number & Title: 14.218 – Community Development Block Grant
Federal Award Number: Various
Pass-Through Entity: Various
Questioned Cost Amount: None

Criteria: Federal regulations require that recipients who pass Federal monies through to subrecipients properly monitor those subrecipients' use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

The City has contracted with various agencies who, in part, determine recipient or project eligibility for the CDBG program.

Condition: During our audit procedures for the fiscal year ended June 30, 2014, we noted that the City and its subcontractor for this program did not conduct site visits to the various subrecipients, which were awarded funds from the CDBG program, to ensure program requirements were being properly addressed and documented. In addition, we did not see evidence that the City or its subcontractor followed-up on annual single audits of these subrecipients.

Effect: The failure to monitor a subrecipient's application of program guidelines could result in improper benefits being paid for an ineligible project under the CDBG program.

Cause: The City did not ensure that all CDBG grant requirements performed by their subrecipients were followed due to their lack of timely monitoring of the subrecipients.

Recommendation:

We recommend that appropriate City staff be provided regular training related to OMB Circular A-133 and other Single Audit Act requirements, to ensure that all grant requirements are followed, in a timely manner. In addition, we recommend that management verify that monitoring of subrecipients has been performed on a timely basis.

City's Response:

CITY OF TAYLORSVILLE
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014

No matters were reported in the prior year.

November 13, 2014

Taylorsville City Council

Taylorsville respectively submits the following corrective action plan for the year ended June 30, 2014.

The finding from the "Schedule of Findings and Questioned Costs" is listed below along with a corrective action plan and anticipated completion date.

Finding 14-1: Inadequate Subrecipient Monitoring for CDBG Program.

Name of contact person: Scott Harrington, C.F.O./ Assistant City Manager

Corrective action plan:

As a recipient of federal funding through the Community Development Block Grant Program (CDBG), the City of Taylorsville is responsible to monitor subrecipients' use of federal awards through reporting, site visits, regular contact and other means to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations and the provisions of contracts or grant agreements. The City of Taylorsville is committed to ensure that all subrecipients who receive CDBG awards be monitored.

By January 31, 2015, the City of Taylorsville will review its subrecipient monitoring procedures, including frequency of monitoring and tracking of monitoring to ensure it meets CDBG's requirements. We will enact any changes that arise from this review process, if any, by March 31, 2015.

If the City Council has any questions regarding this plan please call Scott Harrington at 801-963-5400.

Sincerely Yours,

Scott Harrington

C.F.O./ Assistant City Administrator.

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR STATE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited the City of Taylorsville's ("the City") compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

The general compliance requirements applicable to the City are identified as follows:

Cash Management	Government Records Access
Budgetary Compliance	Management Act
Fund Balance	Conflicts of Interest
Impact Fees	Nepotism
Utah Retirement Systems Compliance	Utah Public Finance Website
Budget Notices and Format	Open and Public Meetings Act

The City received the following major assistance programs from the State of Utah:

B & C Road Funds (UDOT)
Transportation Project Appropriations (UDOT)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, City of Taylorsville, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or

major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 13, 2014

CITY OF TAYLORSVILLE
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

Grant Name	Award/Contract# if applicable	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Class "C" Road Funds	FY14	2014	\$ 1,708,078
Transportation Project Appropriations		2014	<u>4,442,779</u>
Subtotal - Utah Department of Transportation			6,150,857
<u>Utah Commission on Criminal and Juvenile Justice (UCCJJ)</u>			
Alcohol Allotment	FY14		58,021
<u>Administrative Office of the Courts</u>			
Court Security	FY14		4,300
<u>State of Utah Division of Forestry</u>			
Forestry Grant	FY14		<u>8,000</u>
Total Grant, Contract, and Loan Fund Expenditures			<u><u>\$ 6,221,178</u></u>